Murrumbidgee Irrigation

2021 Annual Report

Using data and technology to deliver better customer service

Murrumbidgee Irrigation Limited 2021 Annual Report

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www.mirrigation.com.au/company/annual-reports

Murrumbidgee Irrigation Limited (MI) is focused on growing our future together with customers and the community. Our aim is to enable regional productivity through irrigation by delivering water in the best way possible.

2021 AGM

The 23rd Annual General Meeting of shareholders will be held on Monday 8 November 2021. It will be held at the Leeton Soldiers' Club with registrations from 1:30pm and the AGM to run from 2pm to 4:30pm. We note that the event will be held in accordance with COVID-19 restrictions and shareholders will be kept advised should there be any need to amend arrangements closer to the date.

Contents

MI at a glance

General information

	Measure	2020/21	2019/20	2018/19
Total area of MIA	*ha*	378,911	378,911	378,911
Company water licences	*ML*	1,088,484	1,086,164	1,103,659
Total delivery entitlements in issue	*Number*	1,294,541	1,236,037	1,221,511
Landholdings	*Number*	3,164	3,093	3,260
Total area of irrigated crops	*ha*	135,913	47,203	89,917
Employees (equivalent full-time, including externally funded)	*Number*	150	148	157
Lost time injury frequency rate	*I/MH*	0	7.3	6.6

Financial

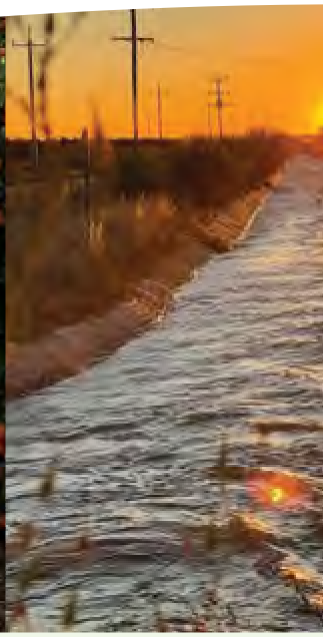
	Measure	2020/21	2019/20	2018/19
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) from normal operations [1]	*$'000*	10,413	2,781	3,956
Government and other revenue [2]	*$'000*	5,298	24,052	75,244
Net assets	*$'000*	577,837	580,573	587,728
Asset Reserve (book value)	*$'000*	51,236	51,236	51,236
Asset renewal capital expenditure	*$'000*	7,646	4,033	8,772

Water summary

	Measure	2020/21	2019/20	2018/19
Carryover from previous year	*ML*	114,710	22,112	129,520
Govt. announced allocation (all licences)	*ML*	1,084,710	481,563	467,805
Temporary transfers into MIA	*ML*	128,631	143,319	75,042
Supplementary flows from river	*ML*	34,245	11,377	0
Total water delivered (all licences; inc. surplus flows)	*ML*	880,456	349,525	588,287
Temporary transfers out of MIA	*ML*	238,658	194,138	63,241
Carryover into following year	*ML*	128,491	114,710	22,112
	Measure	**2020/21**	**2019/20**	**2018/19**
Allocations				
Special purpose High Security (Towns, S&D)	*% of entitlement*	100	100	100
High Security	*% of entitlement*	100	95	95
General Security	*% of entitlement*	100	11	7
Additional Water [3]	*ML*	39,157	18,970	29,447

Note 1: For further information see the reports and financial statements contained herein.
Note 2: Other revenue includes items such as customer capital contributions and some profit on sales.
Note 3: For eligible customers who hold more than 250 Delivery Entitlements (DEs) and issued as a proportion of DEs.

Year in review

July

Leveraging our modern system

Maximising customer access to river Surplus Water Events, by leveraging our modern system, enabled farmers to water wheat and other winter crops, as well as prepare for the 2020–21 season.

August

Upgrade and installations

24 outlets, 14 regulators, 3 escapes and 7 bridges were installed or upgraded during the Winter Works period. Maintenance work across 100km of channels saw 30km of channel bank raising and the upgrade of four major structures.

September

Allocation enhancement

As a result of efficiency savings, allocation enhancements of 39,157ML were shared between eligible customers supporting productive agriculture in the region and encouraging activities that provide further efficiency savings.

October

Channel Safety Campaign

Summer saw the return of our Channel Safety Campaign delivering on our commitment to safety, reminding our MIA communities to choose a safe place to beat the heat. The campaign used social media heavily for the first time, in addition to traditional media channels.

November

Annual General Meeting

Around 40 shareholders attended our twenty second Annual General Meeting which was our first with strict COVID protocols in place.

December

Summer delivery

We headed into the Christmas/New Year period with much more GS allocation than the previous three years and our water operations staff worked through the holiday period as usual to deliver water where it was needed during this hot part of the year.

> *"This is a game changer in terms of the water efficiency and productivity of the irrigation operations, and we could only make this change because MI has been supportive."*

Robert Houghton, Whitton

January

Increased GS allocation

Murrumbidgee regulated river water source allocation to GS increased by 23% bringing the GS total to 100% of entitlement. HS entitlements also increased by 5%, bringing the total allocation to HS entitlements to 100% for the water year.

February

Better use of data

Customers saw the benefit from better use of data as we put in place new tools and systems to apply insights gained in the field. One example is the use of hydrology data to predict where weed build up is occurring in channels before it is actually visible and before it starts to disrupt flows.

March

Collaboration and delivery

We collaborated with the Department of Planning, Industry and Environment to deliver 300ML of environmental water to Campbell's Swamp. This environmental water helps to deliver positive outcomes for important wildlife habitats.

April

SDLAM projects

In the interests of protecting our communities, we joined Coleambally Irrigation Co-operative Limited and Murray Irrigation Limited to push for action on the implementation of the approved NSW Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects in the wake of the NSW Government suspending consultation on a key project.

May

Winter Maintenance

Our Winter Maintenance program was positioned to support a big season ahead. We commenced our 2021 automation program, which included modernising regulators and customer outlets in the Murrami and Griffith areas.

June

Value of automation

We were pleased to be able to demonstrate the value of automation to Minister for Water and Resources, Keith Pitt, and our Federal Member, and Minister for the Environment, Sussan Ley, with a tour of the automated Roaches Regulator.

Chair's message

MI is all about enabling our customers to do what they do best. By delivering fairly priced services in the most effective and timely way possible we support people to make the most of their water allocations.

FY21 has been marked by proactive analysis of the information we have available to us and using it to make better decisions, leading to efficiencies for our customers. I would like to acknowledge the MI Team for accepting change and embedding improvements into the business for the benefit of our customers and shareholders.

The financial performance of MI over the past financial year has allowed us to maintain our strong position, providing a predictable price path for our customers, and enabling us to reinvest in capital renewal and automation.

Strategic allocation of resources has seen us invest in further upgrades to our infrastructure network and embark on projects such as Roaches Reservoir, even if we do not receive the government contributions we have sought.

Early in the year, the Board took the opportunity to review MI's corporate strategy and found it largely on track as we continue to take a customer centric approach, using data and technology to leverage our investment in infrastructure for the benefit of water users.

We were pleased to welcome Steve Whan as Independent Non-Executive Director, effective 1 March 2021. Steve brings additional experience to the Board which is perfectly suited to help guide our organisation in the area of water policy and advocacy. We also farewelled outgoing Director Kaye Dalton who has provided wise counsel and kindly extended her term to assist with a smooth succession.

We remain committed to ensuring that we continue to attract high calibre individuals with the appropriate mix of skills and experience to the Board. The Board's annual development program this year focused on team dynamics and building director effectiveness, via a Board performance review and team workshops delivered by external facilitators. It was valuable to have both Kaye and Steve contributing at the Board's strategy workshop. This overlap was designed to assist with a smooth transition and maximise the corporate wisdom of all Directors.

Our Board has a renewed focus on water policy and advocacy on behalf of productive water users being very aware of ongoing challenges and the looming 2024 deadline for the completion of supply and adjustment measures and the 2026 Review of the Basin Plan. Whilst we welcome the improved climatic conditions of the past year, we know only too well that water scarcity is here to stay and that decisions regarding water use will only become more difficult in the future. Being nimble and adaptable will be key to ensuring we are ready to support our customers whatever the conditions arise.

MI believes that urgent action is required to address delays in the implementation of the approved NSW Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects, especially in view of the fact that the NSW Government has suspended consultation on key projects. To this end we came together earlier this year with Coleambally Irrigation Co-operative Limited and Murray Irrigation Limited to advocate and build community awareness on this issue.

As this is the last year of my term on the Board of MI, I would like to express my appreciation to all those with whom I have worked, both in the MI team and on the Board, for their commitment to the business and for their assistance and support to me in performing my role. I would like to thank my fellow Directors for the application and the valuable insights they bring to our collective decision making

Nayce Dalton
Chair

CEO's message

Our focus on measuring, recording and observing is enabling us to home in on delivering water efficiently. Capturing and using data to guide decision making, from targeting weed management to fine tuning water delivery, is delivering results.

Customers are benefitting from better use of data as we develop tools and systems to apply insights gained in the field. We look at such initiatives to realise gains at the margin, pushing our system to deliver efficiencies that may not appear to deliver quantum changes but can actually make a big difference to our customers. Essentially, we are wringing every last drop of value from each megalitre that comes into the MIA.

However, we can only deliver high end performance if we do the basics well. Our maintenance and upgrade program remains the building block of our efficient and cost effective water delivery system. Maintenance work occurring on 100km of channels and associated infrastructure as part of our annual maintenance program was delivered with a view to having minimal impact on customers.

As with every other facet of life, our organisation continued to be impacted by COVID-19 this year. It has seen the need for sustained flexibility to keep abreast of developments surrounding the pandemic and to manage accordingly. This has involved some ongoing measures to keep our team, customers and community safe but which we know are necessary for us to play our part in managing this unprecedented global health challenge. We appreciate the support of our customers and the MI team in working with these changed operating environment. I also note that despite considerable restrictions, our Customer Engagement team has managed to continue their engagement work with over 2,500 onsite meetings with customers.

As with any successful endeavour, people are at the heart of success. Equipping our MI team to be responsive, collaborative and forward thinking in their approach to every aspect of their role is key. Our programs and policies are focused on supporting employees to be the best that they can be and this includes ensuring their safety, health and wellbeing. Our employees are committed to making a positive impact in the broader community and MI supports them in their own efforts such as participation in charity events and fundraising programs.

I am especially proud of the results of our concerted effort to make safety top of mind for all of us, no matter the area of the organisation in which we work. Our goal was to build on our strong values and culture to drive behavioural safety and shift the culture of our organisation to one where safety was ingrained as a fundamental part of the way we do things.

The result has been an across the board change in attitudes and substantially improved safety metrics. For the first time since MI started recording the metric, we recorded no injuries that meant an employee was not able to attend work for a period of time*. Our Significant Injuries count which had been stubbornly bouncing between six and seven injuries per year has also been reduced to two.

Our whole of business focus on making every drop count is now to be driven even more by delivering with customer needs in mind. In fact, just as we have been kicking goals with our focus on safety and efficiency over the last few years, we are now putting a concerted effort toward ensuring our culture is a customer-centric one.

We will continue to leverage our modernised systems to drive efficient operations and to partner with our customers by identifying projects and areas where we can deliver further efficiency gains for them. By building innovation and continual improvement into our corporate DNA we will continue to be proactive and collaborative in our approach to customer service.

Brett Jones
CEO & Managing Director

**Lost Time Injury Frequency Rate (LTIFR).*

Strategy in action

MI exists to enable regional productivity through irrigation.

Our job is simple – to deliver water in the best way possible. In line with our corporate plan, we organise our efforts to succeed under three pillars:

1. One team

Listening to our customers and supporting their needs by delivering great customer service.

2. Staying ahead of the game

Using our modernised system to drive efficient operations and enable our region to grow in a time of less water.

3. Doing different

Transforming how we do business by using the best available ways of working to innovate and adapt.

Delivering in FY21

In FY21 MI delivered our business strategy against the objective of setting customers and the MIA up for success through irrigation by:

- Measuring and using data intelligently to deliver excellent customer service;
- Leveraging our modern system to enable our region to maximise productivity and sustainability; and
- Focusing on safety across our whole organisation to the benefit of our people and wider community.

> *"We wanted the professionalism of private investment to match our aspiration for this business. We needed benchmarks and institutional-grade reports on our walnut production. That's where we needed MI – because it is impossible to offer production security without that reliable supplier of water."*

Peter Herrmann, Duxton Nuts Pty Ltd

Customers

Using data to better effect

Customers are benefitting from better use of data as we develop tools and systems to apply insights gained in the field. One example is the use of hydrology data to predict where weed build up is occurring in channels before it is even visible and before it starts to disrupt flows. MI's maintenance teams are then guided by this information, so their work is much more targeted and preventative in nature. All of this leads to a better quality of service and water delivery for our customers.

Customer insights

Understanding what our customers expect to do with the water we deliver helps us plan to best meet their needs in a timely manner. The data collected in our annual crop survey helps us with our planning for the season ahead, including our annual maintenance schedule. This year's survey showed that of the over 32,000 ha of large area crops proposed, 54% were rice, 27% cotton, 7% vegetables, 6% summer pastures, 3% summer cereals and 3% summer oil seeds.

Managing water delivery costs

In acknowledgement that managing energy costs is a key driver of profitability for many of our customers, we have been working towards improving 'in-season' visibility of the energy charges associated with customers' pressurised water delivery service. This year we were, for the first time, able to provide energy accounts for each of the first two quarters of the 2020–21 season which assisted customers in managing water delivery costs for the season.

Celebrating our customers and our region

Every day our team talks to customers who are doing extraordinary things with the water we deliver. To share these irrigation success stories with the wider community we have commissioned a series of case studies based around our customers. These stories are shared on our social media platforms as well as via the website and serve to underscore the innovation of our region and the results that can be achieved by working closely with our customers.

Safety

Safety statistics

Over the last several years we have had between six and seven significant injuries every year. This year we are pleased to report that we brought this down to two, neither of which was a Lost Time Injury (LTI), where someone has been injured significantly enough to be unable to attend work. We have now had zero LTIs for over 12 months. This is the first time this has occurred since MI started recording LTIs and is the result of a concerted focus on bringing safety to the top of mind for all employees to ensure "No-one gets injured on my watch".

Our team

The importance of our team's safety, health and wellbeing is reflected by a continuous program of internal communications around WHS, mental health, and initiatives such as the externally delivered free Employee Assistance Program for employees and families experiencing difficulties and needing support. We also offer annual flu shots and undertake regular drug and alcohol testing and support across the entire workforce including contractors.

Community safety

MI has a constant focus on managing risks associated with waterways which are integrated with the broader landscape and public thoroughfares. In addition to our annual TV and radio safety campaigns around safety around our channels, this year MI used social media to a greater extent with this platform being well suited to getting the water safety message out to key audiences, including young people.

Stakeholders

MDBA River Reflections Conference in Griffith

MI took part in the inaugural MDBA River Reflections Conference held in Griffith and bringing people from across the Basin together with policy makers and regulators. We presented on the topic of Adapting to Change and assisted with a tour of the region which showcased our modern delivery system and how our customers are putting it to great effect.

Ministerial visits

Keeping the value of water to our community front of mind for key decision makers is important for our long-term success. To this end, we were pleased to be able to show Minister for Water and Resources, Keith Pitt, and our Federal Member, and Minister for the Environment, Sussan Ley, the automated Roaches Regulator as part of a tour of the area. Interim Inspector-General of Water Compliance, Troy Grant, was also shown our Operations Control Room and modernised infrastructure when he visited the MIA.

National Irrigators' Council

Through the National Irrigators' Council (NIC) MI continues to be a strong advocate on a range of issues around the Basin Plan, transparency of water markets and affordable energy. We have been active participants and take a leadership role with MI's delegate currently the Deputy Chair of the Council.

Policy debate

Contributing to the policy discussion around water, and importantly listening to the views of other participants in the debate, is an essential part of MI's role in advocating strongly on behalf of our customers. We made submissions to a range of inquiries both in our own right and in collaboration with like-minded partners.

COVID safe AGM

Our 2020 AGM was run a little differently to be COVID safe and meet Government health guidelines. The meeting saw approximately 40 shareholders attend and discuss a range of issues as well as hearing from our team about the year in review. We appreciated the patience of our shareholders in working with these new circumstances.

Operations

Roaches Enroute Reservoir

Work which started this year on Roaches Enroute Reservoir, located in Yanco, is designed to benefit irrigators by complementing the automation works already undertaken across the MIA. Once completed the 5,000ML Roaches Reservoir will support increased farm productivity by reducing ordering and shutdown timeframes without impacting other levels of service or delivery efficiency.

Upgrading an efficient system

Our ongoing program of maintenance and upgrades continued to see our water delivery system become more efficient and fit for purpose. Exciting new projects, such as the finalisation of our automation program, will be a step change in this process and enable MI to be even more flexible, efficient and responsive to the needs of irrigators and town water users.

Engaging customers in Winter Works

This year saw a focus on automating regulators and outlets in the Murrami and Griffith areas, as part of Stage 3 of our ongoing Automation Project. With around 70% of our channel system now automated, completing the automation program across the rest of our water delivery network will help us to deliver water to customers in the best way possible. To maximise the benefits of the works our Engagement Officers reached out to customers in the project areas to discuss the plans, and any changes that they wanted to their existing infrastructure.

Maintenance program

Throughout the year, maintenance work was delivered in line with our operational plan across 100km of channels saw 30km of channel bank raising and upgrading four major structures. This included the installation or upgrade of 24 outlets, 14 regulators, 3 escapes and 7 bridges which occurred in a timely manner despite wetter conditions than we have experienced in recent years.

Community

Photography competition

Our role in the MIA is broader than the services we provide, we also actively promote the region and what it has to offer. So, it was an obvious choice for us to run the "What water means to the MIA" photography competition to celebrate the various roles water plays in our beautiful and productive region. The competition generated strong community interest and some excellent entries. It also helped to engage the broader community with MI's activities.

MI and Griffith City Council working together

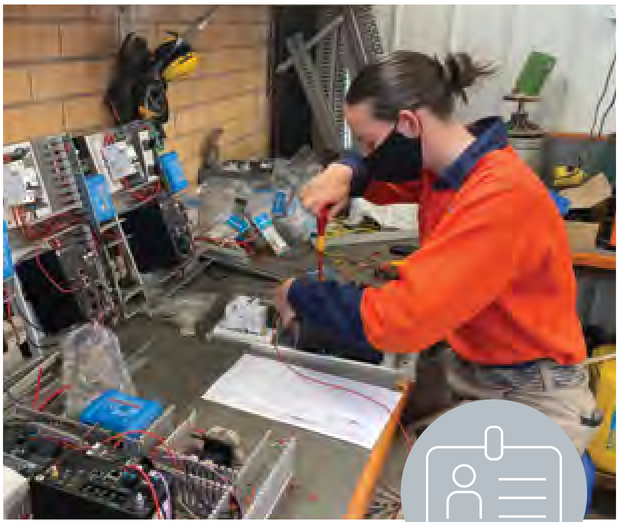
Our region benefits when we work collaboratively with local government to support community, safety and water delivery outcomes. We were able to assist Griffith City Council with the cleaning out of the raw water dam at the top of Scenic Hill which provides raw water to Griffith's green spaces, parks, and sports ovals.

Community initiatives

We take our responsibility to the local community seriously, assisting with a number of local community initiatives.
Our Sponsorship program this year included funds for Bidgee Boxing which supports youth, including young Indigenous people, as well as older members of the community, to become more active. We also provide annual donations to the Leeton Op Shop and Griffith CareVan through our ongoing sponsorship commitment.

> *"MI has embraced our aquaculture venture and without their cooperation it would have been difficult to get the business running in the manner that we have."*

Mat Ryan, Aquana Sustainable Murray Cod



Environment

Reducing costs and helping the environment

Investing in solar across our Hanwood and Leeton sites is already showing its benefit in terms of reduced running costs as well as lowering emissions into the future. This year we saved an estimated $35,000 in energy costs across our office sites and used around 230kWh of clean energy. We have also invested time and energy in cleaning up legacy sites including the old CSIRO library and “Siberia” and “Lake Paddock” materials laydown areas. This involved environmental planning around asbestos management as well as separating waste materials for reuse or recycling. The result is a clean green and safe legacy for future operations.

3,182ML environmental water delivered across the MIA

Under the Basin Plan, the environment now has its own water to irrigate environmental sites. Every year we work with Environmental Water Holders to deliver their environmental water when and where it is needed across our network. This season has seen our delivery system ensure 3,182ML reached identified environmental target areas. In February, for example, 300ML of environmental water was delivered to Campbell’s Swamp helping deliver positive outcomes for important wildlife habitats.

People

COVID-19 pandemic

Operating under the conditions imposed by the COVID-19 pandemic has meant implementing ongoing measures to keep our team, customers, and community safe. This has often required our people and our customers to demonstrate flexibility. Our approach to remote working has included measures to ensure that the workplace is safe and that the wellbeing and mental health of our team are considered as much as the physical and IT requirements of working away from the office.

Safety of our people and community

A concerted effort to embed a culture of safety in MI has revolved around behavioural safety and shifting the culture of our organisation to one where safety is ingrained as a fundamental part of the way we do things. We have moved from a process-driven to an active approach where safety is kept top of mind for all employees and does not stop at the door, but extends to keep people safe at home and in the community.

Supporting our team to help the community

We continued our approach of matching the funds raised by our MI team in their efforts to support a range of charities. This included getting behind our first ever team in the March Charge for cancer research; Movember and for the sixteenth year, the Biggest Morning Tea.

Women in the ranks

Fostering a work environment which is supportive of women has seen a pleasing change in the gender mix of roles at MI with women taking on jobs that have traditionally been male dominated. As well as a female cadet engineer, we have young women joining as trainees this year in water delivery with two in operations and two office-based.

> *"I was keen to pursue a career within the agricultural industry and a role straight out of school as a Water Delivery Technician Trainee seemed like the perfect place to start.*

Zoe Stockton, Water Delivery Technician Trainee

How MI works

Our business

Our core business is delivery of water through an extensive integrated supply and drainage network, operating as an unlisted public company (limited by shares), owned by the irrigators we supply.

MI's shares are based on the water entitlements (WEs) a customer owns. This means that to be a shareholder a person (or entity) must own WEs under a Water Entitlements Contract with MI.

MI operates as a modern business entity with a view to minimising the costs of water delivery to customers. All cost savings and efficiencies are passed on to customers in the form of reduced service fees or additional water allocations.

> *"MI has been willing to investigate any suggestion we make and implement it, providing there is a benefit for all involved."*

Chris Morshead, Amberley Pastoral Co

Stakeholders and how MI engages

We believe very strongly in the MIA as an area of irrigation excellence, set within a highly productive and diverse regional economy. To ensure that our customers can leverage the natural advantages of the region to full effect, MI understands the need to advocate on their behalf. This involves being proactive though engaging with a range of stakeholders. We do this as active members of relevant organisations, offering advice and support to researchers, regulators and policy makers on a range of issues including water policy, environmental issues and water trading mechanisms.

We value a collaborative approach to working with our stakeholders including local Councils, industry bodies, community and environmental groups and other irrigation operators. This year saw MI work with other like-minded organisations to pursue policy outcomes around the Sustainable Diversion Limits Adjustment Mechanism projects.

Our driving force in relation to customers is to deliver excellence in water delivery and customer service by listening, reflecting and acting. A tailored approach to customer engagement allows us to support each customer in the way that best suits their needs. Transparency around our operations and encouraging a two-way exchange of information and ideas, has fostered trust and productive relationships.

Team structure

MI's aim is to enable regional productivity through irrigation by delivering water in the best way possible, a goal implemented by a leadership team of seven, headed by our CEO. The delivery of services to our customers is supported by the organisations functional areas including Operations, Asset Delivery, Customer Service, Finance and ICT, People and Policy and Corporate Services.

MI Stakeholder Engagement in 2021

6
Submissions

6
Tours hosted

17
Agency meetings

2654
Customer onsite meetings

6
Parliamentarian meetings

31
Industry meetings

14
Local Council meetings

64
Farmer engagement meetings

MI Assets

378,911 ha
Area of operations

Up to 190,000 ha irrigated

1,740 km
Supply systems

170 km Piped, 100 km Lined, 1,424 km Earthen

1,505 km
Drainage

Full coverage
Communications

16 Towers, 2 Control centres

3
Storages

Yenda, Brays, Barren Box

4,115
Outlets

3,313 metered

3,313
Meters

2,304 Electro magnetic, 823 Dopplers, 20 Slip meters, 166 Others

1,782
Regulators

899 Automated

50
Pump stations

11 IHS, including 20 sub-surface

Leadership Team

Brett Jones

BE (Hons), MEngSc, GradDipAppFin, HBS AMP, FIE (Aust), MAIPM, MAICD

Chief Executive Officer and Managing Director
Brett Jones commenced as Chief Executive Officer in October 2015 and was appointed to the Board as Managing Director in July 2016. Brett is an experienced executive with qualifications in engineering, project management and finance.

Dorian Radue

BA, MBA, MSc (Strategic Focus), GradDipACG, CA, ACMA, GAICD, FGIA, FCIS, JP

General Manager – Corporate Services and Company Secretary
Dorian Radue was appointed as Company Secretary in 2009. In addition to statutory secretarial duties, her responsibilities include administering the business of the Board and managing the Company's corporate services functions.

Helen Bourne

BBus (Acc), CPA, MBA, MAICD

Company Secretary & General Manager – Finance & ICT
Helen Bourne commenced as General Manager, Finance and ICT in April 2018 and Joint Company Secretary from February 2021. She is responsible for providing financial stewardship to the organisation, along with effective management and oversight of the information and communication technology function.

Sharon Hansen

General Manager – Customer Services
Sharon Hansen joined the Company in August 2016. She is responsible for managing our customer services functions and ensuring that customers are the centre of what we do.

Karen Hutchinson

BSc (Hons), GAICD

General Manager – People & Policy
Karen Hutchinson joined the Company in 2009 and is the General Manager for People & Policy. Karen is responsible for company and corporate communications, human resources and external water policy. She is MI's delegate and Deputy Chair of the National Irrigators' Council.

Jody Rudd

General Manager – Asset Delivery
Jody Rudd joined MI in 2005 and was appointed General Manager Asset Delivery in 2015. Jody is responsible for managing Australian Government funded modernisation projects, MI funded capital projects and business development initiatives

Alan Shea

BEng (Honours), MBA, GAICD

General Manager – Operations
Alan Shea joined the Company in February 2016. Alan is responsible for the operation and maintenance of all infrastructure that services MI's customers, including storage, supply and drainage assets, and the management of heavy plant and equipment.

Employee performance and remuneration processes

We understand that our people are at the core of our organisation's success in delivering excellence for customers. As such, MI strives to be an employer of choice and to attract talented people whether they originate from within or beyond the region. In addition to offering competitive remuneration packages, we support our employees with a range of non-salary benefits, such as salary packaging, paid parental leave, life insurance cover as well as supporting health and wellness programs.

MI also recognises the importance of offering career pathways and continuous learning to develop capability and support retention of valued employees and maintain the skills of our people. We provide leadership development and training programs appropriate to employees' roles and career objectives.

In a commitment to nurturing our local talent, as well as apprentices in electrical and mechanical trades, we engage business administration trainees in their first year after graduating school.

We place the wellbeing, safety and health of our employees at the centre of our engagement with them, as evidenced by an organisation-wide focus on safety which saw us achieve a zero Lost Time Injury Frequency Rate (LTIFR) for over 12 months, which is the first time this has occurred since MI started recording the metric.

This year has also seen a focus on maintaining appropriate protocols to maintain a COVID safe workplace, protecting the health and wellbeing of our employees, customers, community, contractors and their families. At the same time, we have ensured that our employees feel supported in flexible working arrangements and with access the necessary tools to deliver uninterrupted customer service during the pandemic.

Diversity and gender balance

MI is committed to gender balance within its operations and annually submits its Workplace Gender Equality Agency (WGEA) public report. Gender diversity is supported by several strategies and policies across MI's operations. This includes offering flexible working arrangements, parental leave and strategies to identify and develop high potential women 'gender blind' promotion and recruitment processes.

To maintain an environment conducive to women progressing within the organisation, we have ongoing internal training and mentoring for other emerging leaders. This year we were please to support one of our managers to complete the Women in Leadership program.

We are very pleased to see the changing nature of our 'pipeline' of employees, with an increase in women in roles which traditionally tend to be male dominated. As well as a female cadet engineer, this includes new trainees this year in water delivery, with two in operations and two office-based.

Corporate governance overview

MI is committed to ensuring that its corporate governance framework, policies, and practices are best practice and beyond mere legislative compliance.

To deliver on this, MI's Board requires a clear understanding of current governance requirements and practices, while also keeping up to date with emerging trends and changing expectations of its stakeholders.

This overview outlines selected components of MI's corporate governance framework, highlighting the key matters and focus areas for the board around governance in FY21. To review MI's full Corporate Governance Statement (CGS), visit www.mirrigation.com.au/company/shareholders.

Throughout FY21, MI's corporate governance approach was guided by *Australian Standard AS8000: Good Governance Principles* and was consistent with the best practice Corporate Governance Principles and Recommendations (CGPR), fourth edition. As an unlisted public company, MI is committed to continuous improvement and ensuring compliance to relevant standards of corporate governance, where appropriate given the provisions in our Constitution, and in the best interests of all MI stakeholders.

Board composition, skills and areas of focus

In accordance with the Constitution, the following changes were made to the composition of the Board in FY21.

- Kaye Dalton's second term as an Independent Director was extended at the November 2020 AGM for a further 12 months. The extension was due to complexities associated with undertaking recruitment during the COVID-19 pandemic. This recruitment was subsequently undertaken and Kaye retired from the Board at the end of February 2021.
- Following a recruitment process, Steve Whan was offered the position of Independent Director by the Board and was appointed on 1 March 2021. Confirmation of his appointment until the November 2023 AGM will be included as an item of special business at the November 2021 AGM for approval by shareholders.

The Board Skills Matrix (Table 1) summarises the range of essential knowledge, experience and skills assessed as ideal for the MI Board to hold in order to drive MI's current strategic direction and effectively govern. The Board considers that its current members have an appropriate mix of skills and experience to discharge its responsibilities and deliver on MI's strategic objectives.

When Directors join the Board, they are required to become members of, and to undertake training provided by, the Australian Institute of Company Directors and other professional organisations which add to the value, capability, and competency of directors. Directors undertook a number of training and development sessions during the past year, individually and as a group.

The key areas of focus for the Board during FY21, in addition to standing agenda items, are set out in Table 2. The focus areas for the Board Committees, in addition to standing agenda items, are set out in Table 3 and Director attendance is set out in Table 4.

Underpinning the Board's priorities is oversight of MI's risk management framework which includes legal and regulatory, strategic, financial, reputational, people and culture and business/operations to ensure appropriate management of actual or potential risks. See MI's full Corporate Governance Statement (CGS) for more detail.

Table 1: Board skills matrix

Key skill	Demonstrated by these attributes
Water and irrigation industries	Good working knowledge of, and ability to influence, the structure, operations and challenges of water policy and the irrigation industry.
Financial / commercialisation	Demonstrated achievements in financial management, commerce, investment management and internal control systems.
Engineering, infrastructure, construction and project management expertise	Knowledge and experience in infrastructure and engineering, including the prioritisation, delivery and management of investments in infrastructure assets.
Risk management expertise	Proven knowledge, background, experience balancing commercial imperatives with the agreed risk appetite in delivering company objectives.
Organisational culture and strategic HR management	Experience and ability to promote and monitor MI's culture; and mentor, support and evaluate the performance of the CEO and oversee and provide input to strategic human resources management.
Information systems and data management	Knowledge and experience in information and control systems including systems integration, cybersecurity, data driven decision making and customer information management.
Corporate and business governance	Skills, knowledge and experience in contemporary corporate governance and ability to apply those skills, knowledge and experience to MI.

Board composition

Board qualifications

Collectively, Board members have qualifications in one or more of the following fields: agriculture, engineering, finance, marketing, political advocacy, water policy and risk management.

Industry experience

The Board views relevant skills and experience as adding strength to the Board. Directors' collective experience includes irrigated agriculture; water policy; infrastructure, engineering and project management; financial and commercial management; strategy and governance.

Directors' average tenure

The Board considers it has an appropriate mix of new, mid and longer tenured Directors. The average tenure of the current directors is 5.5 years.

Diversity

The Board values, and is mindful of achieving a balance of diversity in Director experience, skills, qualifications and strives to increase diversity in terms of gender and age.

Table 2: Board key focus areas FY21

Board key focus areas FY21	
Health and safety	Building on company values and culture to embed behavioural safety to keep people safe at work, home and in the community and invest in programs that support employee wellbeing.
Modernisation and automation projects	Leveraging investment in modernisation projects to deliver long-term operational and financial benefits to the Company and its customers.
Company culture, values and leadership	Oversight of the continued investment in enhanced company culture, promotion of MI's corporate values, and developing and empowering emerging leaders.
Water Policy	Continue the Company's investment in advocacy to prioritise Murrumbidgee Valley risks, particularly around the completion of the SDL Adjustment Mechanism projects.

Table 3: Board Committees' key focus areas for FY21

Board Committees' key focus areas for FY21	
Audit and Risk Committee	Oversight of risk management, governance and compliance. Increased focus on data governance and asset reserves.
Remuneration and Nominations Committee	Focus on strategic employment and remuneration issues, succession planning and managing the process for attracting and assessing suitable applicants for independent director positions.
Infrastructure Committee	Oversee delivery of capital projects and further development of asset management and project management governance practices. Increased focus on operational risks.

Board of Directors

The names of the persons who have been Directors, or appointed as Directors, during the financial period and up to the date of this Annual Report are outlined as follows, together with their tenure, qualifications, and other directorships.

James (Nayce) Dalton

AdvDipAg, GAICD

Chair – Shareholder-elected Director
Director since 2013; Chair since March 2019

Board Committees
Chair, Murrumbidgee Irrigation Limited; Chair, Remuneration and Nominations Committee

Other Directorships
Chair, Yenda Producers Co-operative Society Pty Ltd; Director, Yenda Producers Distribution Pty Ltd

Hayden Cudmore

GAICD

Deputy Chair – Shareholder-elected Director
Director since 2017; Deputy Chair since March 2019

Board Committees
Chair, Infrastructure Committee; Member, Audit and Risk Committee; Chair, MI Holdings Pty Ltd

Other Directorships
Sole Director, MI Energy Pty Ltd and MI EasyTrade Pty Ltd (both dormant)

Peter Borrows

BE, Grad Dip in Bus Admin, FIE (Aust), FAICD

Independent Director
Director since 2015

Board Committees
Member, Infrastructure Committee

Other Directorships
Director, Kedron Consulting Pty Ltd; Member, Advisory Committee of Wide Bay Water & Waste; Director, Hughenden Irrigation Project Corporation Pty Ltd

Michael Carter

BEng(Mining), DipFinServ, GradCertMarketing, CertGovPrac&RiskMgmt, GAICD, FGIA

Independent Director
Director since 2019

Board Committees
Chair, Audit and Risk Committee; Chair, Investment Working Group; Member, Remuneration and Nominations Committee

Other Directorships
Director, Qualia Financial Group Pty Ltd; Director and Responsible Manager, GWP Financial Services Pty Ltd; Non-executive Director, Sydney Institute of Traditional Chinese Medicine

Antonio (Tony) Sergi

Shareholder-elected Director
Director since 2005

Board committees
Member, Remuneration and Nominations Committee

Tracey Valenzisi

BBus

Shareholder-elected Director
Director since 2019

Board Committees:
Member, Infrastructure Committee; MI's alternate delegate, National Irrigators' Council

Steve Whan

BA GradCertMgt GAICD

Independent Director
Appointed March 2021

Board Committees
Member, Audit and Risk Committee; Member, Investments Working Group

Other Directorships
Director and Trustee, Club Plus Super

Brett Jones

BE (Hons), MEngSc, GradDipAppFin, HBS AMP, FIE (Aust), MAIPM, MAICD

Chief Executive Officer (CEO) and Managing Director (MD)
CEO since October 2015; MD since July 2016

Board Committees
Director, MI Holdings Pty Ltd

The following Director retired during the reporting period.

Kaye Dalton

BSc (Forestry), GAICD

Independent Director
Director since 2014; retired 28 February 2021

Other Directorships
Managing Director, The Risorsa Group Pty Ltd

Company Secretary

The following persons held the position of Company Secretary during the reporting period:

Helen Bourne

BBus (Acc), CPA, MBA MAICD

Dorian Radue

BA, MBA, MSc (Strategic Focus), GradDipACG, ACMA, FGIA, FCIS, CA, GAICD, JP

Independent Board review

In line with good practice, the Board regularly reviews its own performance, and invites a suitably qualified external business to provide an independent assessment of governance, effectiveness and composition.

In 2021, the Company engaged Johnson Partners to undertake this independent review, which included contributions from all Board Directors and the Executive team. The review set out to establish overall performance, and identify any possible improvements in Board operations, structure and composition. The review included surveying Board members and the Executive team to assess past performance and consider future directions; interviews with all participants; and comparison of MI practices with other boards and good governance guidelines.

The review found the Board operates with a suitable governance framework, designed to take account of the prescribed composition (member elected and independent directors) with all Directors understanding and acquitting their duties well. Previous review findings have been accepted and integrated into regular practice. Relations with the Executive team are constructive and respectful, and the Board has a disciplined approach to development and renewal. Support for the Board is of high quality and in a post COVID environment, Directors plan to introduce greater interaction within the region. Recommendations were made about changes to the number of meetings and aligning the terms and conditions of the elected and the Independent Directors.

Board members considered the review findings in a special workshop and agreed to introduce a number of changes designed to improve productivity and effectiveness.

Directors' remuneration

At the Annual General Meeting held on 7 November 2016, shareholders approved a change to the method of remunerating directors. Aggregate remuneration is limited through an annual cap for directors' fees, escalating by CPI at the start of each year. The cap for FY21 was $450,750 (inclusive of superannuation contributions), and actual compensation for the year was below the cap.

Information on Directors' aggregate compensation for the financial year is shown in Note 26 to the financial statements.

Directors' and managers' interests

Shareholder Directors Nayce Dalton, Hayden Cudmore, Tony Sergi and Tracey Valenzisi all have interests in contracts with Murrumbidgee Irrigation Limited to own and deliver water. These contracts are based on normal customer terms and conditions. The individual contracts are not subject to discussion at Directors' meetings. All Directors declare any interests in matters relevant to the company as they arise, and formally table standing disclosures of their interests at least annually. When matters are discussed in which a material personal interest might exist, or be perceived to exist, for an individual Director, that Director will excuse him or herself from the meeting and take no further part in decisions relating to those matters unless the remaining Directors determine that it is in the Company's best interests for the Director to participate.

Directors acknowledge that their overriding duty is to the Company and that Board decisions must be made in the best long-term interests of the company. Directors and managers are required to place the Company's interests ahead of their personal business interests, and refrain from actions which constitute competing with the Company or taking personal advantage of information provided to them in their capacity as directors.

Our Constitution prohibits the Independent Directors and the Managing Director from holding voting shares in the Company. In addition, the Board has determined that Independent Directors and CEO may not own or trade water entitlements in the Southern Connected Basin. Leadership team members may only hold voting shares in the Company if formally approved.

Aggregate information on shares and commercial transactions of key management personnel with the company are shown in Note 26 to the financial statements.

Table 4: Directors' attendance at meetings

Director	Directors' Meetings		Audit and Risk Committee		Remuneration and Nominations Committee		Infrastructure Committee	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
James (Nayce) Dalton	11	11	–	–	5	5	–	–
Hayden Cudmore	11	11	4	4	–	–	3	3
Peter Borrows	11	11	–	–	3	3	3	3
Michael Carter	11	11	4	4	5	5	–	–
Kaye Dalton	7	7	2	2	–	–	–	–
Antonio (Tony) Sergi	11	10	–	–	5	5	1	1
Tracey Valenzisi	11	11	2	2	–	–	3	3
Steve Whan	4	4	2	2	–	–	–	–
Brett Jones	11	11	–	–	–	–	–	–

Directors' report

Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2021.

Directors

The persons who served as directors of Murrumbidgee Irrigation Limited during the year in review and up to the date of this report are listed on pages 22–23.

Company Secretary

The Company Secretary's details are listed on the Leadership Team's profiles on page 16.

Meetings

The Board met either in person or via video conference 11 times during the year. The duration of meetings was one to two days, including committee meetings, field trips, site visits, customer meetings, training and a strategy session. Meetings are preferably held on-site and face-to-face, however teleconference and electronic meeting technology was used extensively during the latter part of the year due to COVID-19 government-imposed travel restrictions.

The agenda for meetings is set through consultation between the Chair, the Chief Executive Officer and other leadership team members. Prior to each meeting, Directors are provided with briefing papers on matters to be considered and are encouraged to participate in debate and to bring to meetings independent views on all relevant issues. Details of attendance at Board meetings are shown in Table 4 of the Corporate Governance Overview on page 25.

Principal activities

The consolidated entity continued its principal activity of water delivery and related services to all customers while maintaining a competitive, resilient business through prudent fiscal management. This primary goal continues to guide the consolidated entity in supporting sustainable irrigation in our area.

There were no significant changes to the nature of the consolidated entity's principal activities during the financial year.

Significant changes in the state of affairs

There are no significant changes in the state of affairs of the consolidated entity.

Financial statements

The financial statements for the FY21 year in review are contained within this report.

Basis of preparation of financial statements

The financial statements for the year in review are presented as consolidated entity statements. They incorporate the results of the Company and its controlled entities: MI Holdings Pty Ltd, the Hanwood Estate Property Trust, MI Energy Pty Ltd and MI EasyTrade Pty Ltd on a consolidated basis, as required by Australian Accounting Standards (Reduced Disclosure Requirements).

Shares, options and loans

Company shares are not listed on any share trading exchange.

There are no securities under option or in respect of which options have been created, nor have any options been exercised.

On winding up of the Company, any remaining assets may not be distributed to shareholders but must be transferred to another irrigation corporation in the MIA, or an entity with similar purposes to the Company.

Shares held by Directors are disclosed in Table 1 in the Directors' Report.

No loan has been granted to any Director during the year.

Auditor's independence

Audit firm Grant Thornton has no representation on the Board or Board committees, nor is there any relationship between company officers and the auditor other than the normal business relationship between auditor and client.

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The Auditor's Independence Declaration is included with the financial statements. Fees paid to the external auditors for audit and non-audit services are fully disclosed in the notes to the financial statements.

Risk management

Directors confirm that robust risk management processes and practices are in place, and that strategic, financial, and operational risks, including business continuity, continue to be managed appropriately. The Board has formally adopted a statement of risk appetite which it applies when making decisions on behalf of the Company.

Compliance

Our practices for managing significant regulatory compliance areas have been the focus of a company-wide review project during the past year. The Board is satisfied that compliance is satisfactorily managed to discharge our legal obligations.

Review of operations

The underlying earnings from the normal operations of MI for FY21 was $10,413,000 (FY20: $2,781,000). This number represents the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and is a measure of the Company's operating performance. This excludes earnings from government funded programs, which were completed in FY20, and also excludes any customer capital contribution to infrastructure expansion projects. Revenue from normal operations, including customer operations, water savings and investment revenue was $42,023,000 and expenditure was $31,610,000.

The Company continues to aim to match its earnings from normal operations to its capital renewal requirements over a rolling 5 year period. With increased water availability during FY21, MI increased the volume of water delivered to customers and hence increased revenue from customer usage. In FY21, capital expenditure on asset renewal was $7,646,000 which was adequately covered by the EBITDA for the year.

The Company maintains a strong financial position due to its fully funded asset reserve and 5 year financial plan.

With the conclusion of government funding from the PIIOP program in FY20, MI has continued to proceed with its automation strategy in FY21 and has secured debt funding facility of $15M to complete the works across the winter 2021 period. Further applications have also been submitted to government to fund en-route storages and to complete the automation program.

To maintain maximum investment returns the company also maintains a working capital funding facility of $5M, noting both facilities were unused at FY21 year end.

Matters subsequent to the end of the year

Between the end of the financial year and the date of this Directors' Report, no events have occurred, which in the opinion of Directors, have the potential to significantly affect the state of affairs of the consolidated entity.

Future developments

It is anticipated that significantly higher water allocations, supported by full water storages, will underpin supplementary water allocations commencing early in the season, which in turn will enable a large winter cropping program and a strong season for our customers. This will require MI to be agile and proactive in using our integrated network to deliver the greatest value possible for customers.

Whilst the COVID pandemic may abate in the face of widespread vaccination, it will continue to be a threat which MI will need to manage. In particular, we will need to maintain vigilance to ensure we continue to deliver as an essential service at the same time as keeping our team and customers safe.

The proposed One Basin CRC, which aims to develop solutions to reduce exposure to climate, water and environmental threats in the Murray-Darling Basin, represents an opportunity for MI to partner on the development of research, data collection and industry led solutions. The Company continues to work towards a successful bid that will garner funding over a 10-year timespan to drive research and solutions for the benefit of water users and water reliant communities across the Basin.

Water reform

MI believes that the likely failure of the NSW Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects is the single most acute threat to our region. We will continue to advocate for urgent action, especially in view of the fact that the NSW Government has suspended consultation on key projects. This requires ongoing collaboration with Murray Irrigation and Coleambally Irrigation Co-operative Limited as well as a more active approach to consultation with decision makers and engagement with our communities.

Effective advocacy in water policy from an MI perspective is based on widespread understanding of the value of irrigation, the true state of water resources in the Southern Basin and the initiatives underway in the MIA. To this end, we have initiated Big Water – an ambitious program to enhance understanding about the value of the Murrumbidgee to the wider community, and to facilitate genuine and open discussion about issues that are important in this space.

We note that the ACCC review of water markets has underscored the critical role of water markets but has also made recommendations as to changes which would promote open, fair and transparent trading. We are cognisant that our customers and our Company rely on fair and efficient water markets and need to remain alert to opportunities to advocate for increased transparency and simplification of trading rules on behalf of our customers.

Environmental regulation

Murrumbidgee Irrigation Limited holds an operating licence under the *Water Management Act 2000* (NSW) to carry out the business and function of water delivery within its Area of Operations. A requirement of this operating licence is to hold an Environmental Protection Licence (EPL) under the Protection of the *Environment Operations Act 1997* (NSW). The EPL is issued by the Environmental Protection Authority (EPA) and, among other conditions, requires monitoring and reporting of specified water quality parameters at sites that discharge water outside MI's Area of Operation.

MI met the requirements of our EPL for this reporting year.

To satisfy the requirements of our licences, MI prepares and submits an Annual Compliance Report covering the licensed activities. A copy of our latest available report is located on our website www.mirrigation.com.au.

Indemnifying Directors and Officers

Murrumbidgee Irrigation Limited indemnifies directors and leadership team members for liabilities to third parties arising from their role as officers of the company, unless that liability arises out of conduct involving a lack of good faith or a pecuniary penalty or compensation order under the *Corporations Act 2001* (Cth). The Company also provides an indemnity for directors and leadership team members against the cost of successfully defending themselves against civil or criminal proceedings. The company has insurance policies that provide cover for permitted situations.

During 2020–21, the company paid a premium of $80,870 (exclusive of GST and stamp duty) to provide liability insurance cover for directors and officers and the company. The insured liabilities include any legal costs that may be incurred in defending civil or criminal proceedings which may be brought against the company or its officers when acting in that capacity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, unless such liabilities arise out of conduct involving a wilful breach of duty by the officers, or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

It is not possible to apportion the premium between amounts relating to legal costs and other liabilities, or between officers' cover and company cover.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the company, nor has any such application been made, under section 237 of the *Corporations Act 2001* (Cth).

Dividends

The company's Constitution prohibits it from declaring any dividends.

Table 5: Particulars of directors' interests in Shares and Delivery Entitlements at 30 June 2021

Director	Shares			Delivery Entitlements
	A Class	B Class	C Class	
Nayce Dalton	1,154	3,012	–	5,026
Hayden Cudmore	–	2,103	–	3,232
Tony Sergi	220	–	–	345
Tracey Valenzisi	149	–	2	151
Peter Borrows	–	–	–	–
Michael Carter	–	–	–	–
Steve Whan	–	–	–	–
Brett Jones	–	–	–	–

Directors statement

Directors are satisfied that the auditor, Grant Thornton, has met the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

This report is made in accordance with a resolution of the directors.

James (Nayce) Dalton
Chair

Hanwood, NSW
26 August 2021

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out below:

Grant Thornton

Collins Square, Tower 5
727 Collins Street
Melbourne VIC 3008

Correspondence to:
GPO Box 4736
Melbourne VIC 3001

T +61 3 8320 2222
F +61 3 8320 2200
E info.vic@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of Murrumbidgee Irrigation Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Murrumbidgee Irrigation Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 August 2021

#5918037v1

Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021

Revenue

	Notes	2021 $'000	2020 $'000
Operations	6	34,537	26,848
Government and other	6	5,298	24,052
Investments	6	7,598	7,042
Total revenue		**47,433**	**57,942**

Expenditure

	Notes	2021 $'000	2020 $'000
Contractors and consultants – operating	7	1,416	1,306
Contractors and consultants – PIIOP (recoverable)		–	383
Depreciation	14	14,568	14,277
Employment related	7	18,853	19,436
Net loss/(gain) on disposal of assets	7	1,968	(485)
Operation and materials		5,928	5,050
Operation and materials – PIIOP (recoverable)		–	3,997
Other	7	3,903	3,933
Utilities		1,363	1,319
Total expenditure		**47,999**	**49,216**
(Loss)/profit before tax		**(566)**	**8,726**
Income tax (expense)/benefit	15	(3,323)	3,445
Profit for the year		**(3,889)**	**12,171**
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss:			
Financial asset at FVOCI[1] revaluation gain/(loss)		248	(90)
Income tax (expense)/benefit on items recognised directly in equity		(74)	27
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) of defined benefits plan recognised directly in equity		1,399	(210)
Income tax (expense)/benefit on items recognised directly in equity		(420)	63
Other comprehensive income for the year net of tax	5	**1,153**	**(210)**
Total comprehensive income for the year		**(2,736)**	**11,961**

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.
[1] Fair Value through Other Comprehensive Income (FVOCI).

Consolidated statement of financial position as at 30 June 2021

Assets

	Notes	2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	9	2,632	14,455
Trade and other receivables	10	22,327	14,375
Inventories	11	5,166	1,091
Other Assets	12	352	804
Financial Assets	13	33	–
Total current assets		**30,510**	**30,725**
Non-current assets			
Financial assets	13	5,142	4,940
Property, plant and equipment	14	460,086	462,296
Intangible assets	16	144,925	143,243
Shares in co-operative		35	40
Total non-current assets		**610,188**	**610,519**
Total assets		**640,698**	**641,244**

Liabilities

	Notes	2021 $'000	2020 $'000
Current liabilities			
Trade and other payables	17	11,314	10,318
Provisions	18	3,666	4,222
Deferred revenue	19	49	821
Total current liabilities		**15,029**	**15,361**
Non-current liabilities			
Provisions	18	454	387
Deferred tax liabilities	15	47,130	43,313
Other liabilities	20	248	1,610
Total non-current liabilities		**47,832**	**45,310**
Total liabilities		**62,861**	**60,671**
Net assets		**577,837**	**580,573**

Equity

	Notes	2021 $'000	2020 $'000
Contributed equity	22	273,734	273,734
Retained earnings	23	252,765	255,674
Reserves	24	51,338	51,165
Total equity		**577,837**	**580,573**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2021

	Share Capital $'000	FVOCI Reval Reserve* $'000	Asset reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 July 2019	**273,734**	**(8)**	**51,236**	**243,650**	**568,612**
Profit for the year	–	–	–	12,171	12,171
Other comprehensive income for the year	–	(63)	–	(147)	(210)
Total comprehensive income for the year	–	(63)	–	12,024	11,961
Balance as at 30 June 2020	**273,734**	**(71)**	**51,236**	**255,674**	**580,573**
(Loss) for the year	–	–	–	(3,889)	(3,889)
Other comprehensive income for the year	–	173	–	980	1,153
Total comprehensive income for the year	–	173	–	(2,909)	(2,736)
Balance as at 30 June 2021	**273,734**	**102**	**51,236**	**252,765**	**577,837**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
** Fair Value through Other Comprehensive Income (FVOCI) revaluation reserve – refer to notes 1(q) and 1(u).*

Consolidated statement of cash flows for the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		33,212	31,098
Payments to suppliers and employees (including GST)		(39,014)	(40,531)
Cash used by operations		**(5,802)**	**(9,433)**
Receipts from annual water savings and leasing of water and land		3,843	2,191
Receipts from government contributions		–	6,006
Interest and other finance costs paid		(33)	–
Net cash generated by operating activities		**(1,992)**	**(1,236)**
Cash flows from investing activities			
Payments to acquire financial assets		(3,972)	(12,444)
Proceeds on sale of financial assets		4,005	21,157
Payments for property, plant and equipment		(18,955)	(25,982)
Proceeds on sale of property, plant and equipment		3,194	305
Payments for water investments		(1,682)	(2,566)
Interest and investment income received		7,579	7,049
Net cash used in investing activities		**(9,831)**	**(12,481)**
Cash flows from financing activities			
Net decrease in cash and cash equivalents		**(11,823)**	**(13,717)**
Cash and cash equivalents at the beginning of the year		14,455	28,172
Cash and cash equivalents at the end of the year	9	**2,632**	**14,455**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements as at 30 June 2021

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Where there has been a change in presentation format, prior year comparatives have been changed accordingly.

(a) Basis of preparation

The Company's principal purpose is to provide cost effective services to its customers rather than to generate profits, as such, the directors have determined that the Company is a not-for-profit entity as defined under Australian Accounting Standards – Reduced Disclosure Requirements (RDR).

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

Murrumbidgee Irrigation Limited (the "Company") is a limited company incorporated in Australia. The registered office and principal place of business of Murrumbidgee Irrigation Limited is:

86 Research Station Road,
Hanwood NSW 2680.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Murrumbidgee Irrigation Limited and its controlled entities MI Holdings Pty Ltd as trustee for the Hanwood Estate Property Trust, MI EasyTrade Pty Ltd and MI Energy Pty Ltd. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Control is achieved where Murrumbidgee Irrigation Limited:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

(c) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new of amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities:

(i.) **Revenue from the supply of water:** Revenue from the supply of water and drainage services comprises both access and usage-based charges which are billed GST-free annually to all customers. Revenue is recognised as the services are delivered to customers and the associated performance obligation is fulfilled.

(ii.) **Contract and other revenue:** Other revenue is raised from the provision of contract works, including

the installation of irrigation supply infrastructure, earthmoving, hire of plant and workshop activities, and is recognised using a percentage completion method based on the input cost method.

(iii.) **Government contributions for Private Irrigation Infrastructure Operators Program 2 (PIIOP2):** Contributions received from the government for infrastructure improvements are recognised as revenue as the relevant expenditure is incurred. As the consolidated entity is obliged under the terms of the funding agreement to undertake the relevant infrastructure works or refund the money, any unexpended funds at balance date are brought to account as a liability.

(iv.) **Government contributions for Private Irrigation Infrastructure Operators Program 3 (PIIOP 3):** Contributions received from the government for infrastructure improvements are recognised as revenue on a percentage of completion basis, as the relevant expenditure is incurred and when water entitlements are returned. As this arrangement constitutes a bundled contract, revenue relating to each element is recognised proportional to their fair value at contract date as if they were sold/performed independently of each other. As the consolidated entity is obliged under the terms of the funding agreement to undertake the relevant infrastructure works or refund the money, any unexpended funds, equivalent to any unperformed work, at balance date are brought to account as a liability.

(v.) **Leasing of water and property:** Revenue is recognised on a straight line basis over the term of the lease.

(vi.) **Interest income:** Interest income is recognised as it accrues.

(vii.) **Revenue from the sale of assets:** Revenue from the sale of fixed assets is recognised when risks and rewards of ownership have passed to the buyer.

(viii.) **Temporary transfer of water:** Revenue from the temporary transfer of water is recognised when the risks and rewards have passed to the buyer.

(ix.) **Termination charges:** A charge is levied on cancellation of delivery entitlements. This charge for 2020–21 was based on a multiple of 10 times fixed charges in accordance with ACCC water charge rules.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that, at the time of the transaction, did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In 2013/14, the entity elected to adopt the NANE (non assessable non exempt) provisions for all PIIOP revenue and expenses. Under these provisions all PIIOP related revenue is exempt from tax and expenditure is not claimable as a deduction.

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As the consolidated entity is a not-for-profit entity and the future economic benefits of the consolidated entity assets are not primarily dependent on their ability to generate cash flows, value in use is taken to be current replacement cost provided that the consolidated entity would, if deprived of the asset, replace it.

Accordingly, the consolidated entity's non-current assets may be carried at amounts significantly in excess of the values that would be applied if it were a 'for profit' entity in accordance with Australian Accounting Standards – RDR and had applied the impairment rules of a 'for profit' entity.

(g) Trade and other receivables

Trade receivables are recognised at fair value. Trade receivables are raised at the end of April for fixed charges and the end of June for water use based charges and are due for settlement no more than 28 days from the date of raising of the invoices. Other debtors are due for settlement in no more than 28 days. Collectability of receivables is reviewed on an ongoing basis.

Debts which are known to be uncollectable are written off. An allowance for expected credit loss is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms. The amount of movement in the allowance for expected credit loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

Chapter 7, Part 4, clauses 354 to 362 of the *Water Management Act 2000* ('the Act') provides that a rate or charge imposed on the owner of any land by an irrigation corporation is a charge on the land to which it relates, thereby securing the debts.

Chapter 4, Part 1, Division 6, paragraph 136 of the Act further provides that on a change of ownership of land, the new landholder is liable to the irrigation corporation for the amount of any charges levied by the irrigation corporation in relation to the land and unpaid by the previous landholder as if the new landholder had entered into a contract with the irrigation corporation for the supply of the service or services to which the unpaid services relate.

Based on the above provisions of the *Water Management Act 2000* the consolidated entity considers the allowance for expected credit losses to be appropriate.

(h) Inventories

Raw materials and stores are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs. No inventory is held for resale.

(i) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of non-current assets constructed by the consolidated entity includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of overheads. Land is not depreciated.

Depreciation on other assets is calculated using the straight-line method to allocate their cost over their estimated useful life, as follows:

	Years
Earth channels and drains	100
Infrastructure	15–100
Buildings and cottages	40
Plant	6–15
Office equipment	3–5
Scientific instruments	5–15
Motor vehicles	4–7

Assets are not depreciated until they have been commissioned. The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer Note 1 (f)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income.

(j) Intangible assets

Licenced water share components are brought to account at cost. The licences have indefinite useful life and accordingly no amortisation is charged. The licenced water shares are checked for impairment annually (refer Note 1 (f)).

(k) Maintenance expenditure

Routine maintenance expenditure of a regular and ongoing nature is charged as an operating expense to the profit or loss as and when incurred. Major refurbishments in respect of earth supply and drainage channels and other infrastructure are treated as capital.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity up to the reporting date which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Employee benefits

(i.) **Short-term and long-term employee benefits:** A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits, are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

(ii.) **Retirement benefit obligations:** All employees of the consolidated entity are entitled to benefits on retirement, disability or death. Plans are either defined contribution or defined benefit. The defined benefit plan provides defined lump sum or pension benefits based on years of service and final average salary and is administered by the Local Government Superannuation Scheme.

Under the accumulated plans, the consolidated entity makes contributions as determined by legislation

A liability or asset in respect of defined benefit superannuation plans is recognised in the consolidated statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Movements in the value of the defined benefits plans' assets and liabilities are recognised directly to other comprehensive income. Post service costs and net interest expense or income are recognised in profit or loss in the period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(n) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand and cash at bank.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(p) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(q) Financial assets

(i.) **Recognition, initial measurement and derecognition**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets are described below. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii.) **Classification and subsequent measurement of financial assets**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

(iii.) **Subsequent measurement of financial assets**

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI. Any gains or losses recognised in OCI will be reclassified to profit or loss upon derecognition of the asset. This category includes corporate bonds that were previously classified as 'available-for-sale' under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of

the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using the practical expedient, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(r) Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(s) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

(t) Leasing

For any new contracts entered into on or after 1 July 2020, the Company considers whether a contract is, or contains, a lease. At lease commencement date, a right-of-use asset and a lease liability is recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(u) Reserves

The Constitution provides that directors may, at their discretion, set aside reserves out of Company profits, to be used for any purpose that the profits of the Company can be properly applied. Such reserves can be used in the business of the Company or reinvested as the directors think fit.

(i.) **Asset Reserve:** The purpose of the Asset Reserve is to set aside funds for future investment in infrastructure. The revenue that MI derives from financial and water investment funds the ongoing asset renewal program of the business.

(ii.) **Fair Value through Other Comprehensive Income Reserve (FVOCI):** The purpose of the FVOCI Reserve is to accumulate unrealised gains or losses on financial asset revaluations.

(v) Critical accounting judgments and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i.) **Useful lives of property, plant and equipment:** The directors periodically review operating infrastructure, plant and equipment to determine that their condition and remaining useful life are reasonable.

(ii.) **Provision for environmental remediation:** Oncosts do not include superannuation as the majority of leave is generally paid on termination.

(iii.) **Provision for long service leave:** Oncosts do not include superannuation as the majority of leave is generally paid on termination.

(iv.) **Asset impairment:** Assets are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

As the Company is a not-for-profit entity and the future economic benefits of the Company's assets are not primarily dependent on their ability to generate cash flows, value in use is taken to be current replacement cost provided that the Company would, if deprived of the asset, replace it. Intangible assets with indefinite useful lives are reviewed annually as to whether their carrying value exceeds their recoverable amount.

The commencement of the PIIOP project created an expectation that a significant portion of the Company's capital assets will be replaced, decommissioned or handed over to the landholders in future years. Where the Company has been able to make a reasonable estimate of such items, the carrying amount of the relevant assets has been reduced to their recoverable amount. That reduction is recognised as an impairment loss through the consolidated statement of profit or loss.

(w) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the directors on 26 August 2021.

(x) Comparatives

Unless otherwise stated, all accounting policies applied are consistent with those of prior years. Where necessary, comparatives have been reclassified for consistency with current year disclosures.

Note 2. Segment reporting

Revenue and expenses by activities ($'000)

2021	Customer operations	Water savings	Investments	Government and other activities	Hanwood Estate Property Trust	Inter-company	Total
Revenue	30,836	3,708	7,480	5,298	877	(766)	**47,433**
Expenses	(45,812)	–	–	(2,076)	(877)	766	**(47,999)**
(Loss)/profit before tax	**(14,976)**	**3,708**	**7,480**	**3,222**	**–**	**–**	**(566)**

2020	Customer operations	Water savings	Investments	Government and other activities	Hanwood Estate Property Trust	Inter-company	Total
Revenue	24,807	2,047	6,717	24,052	1,206	(887)	**57,942**
Expenses	(44,704)	(29)	–	(4,164)	(1,206)	887	**(49,216)**
(Loss)/profit before tax	**(19,897)**	**2,018**	**6,717**	**19,888**	**–**	**–**	**8,726**

Note 3. Parent entity disclosure

Statement of profit or loss and other comprehensive income of the parent entity Murrumbidgee Irrigation Limited

	2021 $'000	2020 $'000
Operations revenue	42,024	33,571
Government and other revenue	5,298	24,052
Total revenue	**47,322**	**57,623**
Customer expenditure	45,989	44,950
Government and other expenditure	2,076	4,164
Total expenditure	**48,066**	**49,114**
(Loss)/profit before tax	(743)	8,509
Income tax expense	(3,323)	3,445
(Loss)/profit for the year	**(4,066)**	**11,954**
Other comprehensive income		
Actuarial loss of defined benefit plan recognised directly in equity	1,399	(210)
Financial asset at FVOCI revaluation losses	248	(90)
Income tax (expenses)/benefit on items recognised directly in equity	(494)	90
Other comprehensive income for the year net of tax	**1,153**	**(210)**
Total comprehensive income for the year net of tax	**(2,913)**	**11,744**

Statement of financial position of the parent entity Murrumbidgee Irrigation Limited

Current assets	30,740	31,571
Non-current assets	625,717	628,627
Total assets	**656,457**	**660,198**
Current liabilities	17,565	18,226
Non-current liabilities	61,431	61,598
Total liabilities	**78,996**	**79,824**
Net assets	**577,461**	**580,374**
Contributed equity	273,734	273,734
Reserves	51,338	51,165
Retained earnings	252,389	255,475
Total equity	**577,461**	**580,374**

Note 4. Subsidiaries

Information about the composition of the Group at the end of the reporting period is as follows.

Name of Entity	Principal activity	Place of incorporation	Number of wholly-owned subsidiaries		Proportion of interest and voting	
			2021	2020	2021	2020
MI Holdings Pty Ltd	Trustee Company	Australia	1	1	100%	100%
Hanwood Estate Property Trust	Investment	Australia	1	1	100%	100%
MI EasyTrade Pty Ltd	Not active	Australia	1	1	100%	100%
MI Energy Pty Ltd	Not active	Australia	1	1	100%	100%
Number of wholly-owned subsidiaries			4	4		

Note 5. Amounts recognised directly in equity

The following amounts were recognised directly to equity:	2021 $'000	2020 $'000
Actuarial profit/(loss) of defined benefits plan recognised directly in equity	1,399	(210)
Financial asset at FVOCI revaluation profit/(loss)	248	(90)
Income tax (expense)/benefit on items recognised directly in equity	(494)	90
Net profit/(loss) recognised directly in equity	**1,153**	**(210)**

Note 6. Revenue

Customer Revenue	2021 $'000	2020 $'000
Fixed charges	20,396	20,184
Usage	9,042	3,874
Bulk water conveyance	1,078	441
Contract and other	313	302
Total customer revenue	**30,829**	**24,801**
Water savings sales	3,708	2,047
Total operating revenue	**34,537**	**26,848**
Government and other revenue		
PIIOP – infrastructure funding	–	15,214
PIIOP – sale of water	–	7,359
Customer capital contributions	5,298	1,479
Total government and other revenue	**5,298**	**24,052**
Investment revenue		
Interest	382	605
Water allocation sales	7,216	6,437
Total investment revenue	**7,598**	**7,042**

Note 7. Expenses

The statement of profit or loss and other comprehensive income includes the following expenses:

	2021 $'000	2020 $'000
Salaries and wages	14,138	14,627
Superannuation	1,238	1,208
Labour on-costs	3,477	3,601
Total employment related	**18,853**	**19,436**
Legal	291	142
Consultants	955	953
Audit and taxation advisors	114	185
Environmental	56	26
Total contractors and consultants – operating	**1,416**	**1,306**
Insurance	1,020	879
Information Technology	1,684	1,549
Fees and charges	(139)	13
Bulk water conveyance	559	599
Water allocation purchased (associated with investments)	–	29
Other	779	864
Total other	**3,903**	**3,933**
Non – infrastructure disposals	636	(73)
Infrastructure disposals	1,332	(412)
Total net loss/(gain) on disposal of assets	**1,968**	**(485)**

Note 8. Remuneration of auditors

	2021 $	2020 $
(a) Auditor of the parent entity		
Audit of the financial report	68,000	65,000
Taxation services	31,940	49,780
Other assurance services	–	44,808
	99,940	**159,588**
(b) Other auditors		
Audit or review of the financial report of Hanwood Estate Property Trust	3,003	2,863
Other assurance services*	11,031	22,500
	14,034	**25,363**

**Other assurance services (other auditors) relate to audits of the MIARA expenditure by Pitcher Partners in 2020.*

Note 9. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and on hand	2,632	14,455
Total cash and cash equivalents	**2,632**	**14,455**

Included in the above cash and cash equivalents are the following:

Unrestricted operational cash	2,632	14,455
Total cash and cash equivalents	**2,632**	**14,455**

Note 10. Trade and other receivables

Current trade and other receivables:	2021 $'000	2020 $'000
Trade receivables	5,148	5,223
Less: Allowance for credit losses	(24)	(26)
	5,124	**5,197**
Other receivables	17,203	9,178
Less: Allowance for credit losses	–	–
	17,203	**9,178**
Total current receivables	**22,327**	**14,375**
Total receivables	**22,327**	**14,375**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. No interest is charged on trade receivables for the first 35 days from the date of the invoice. Thereafter, interest is charged at the maximum rate permissible under the *Water Management Act 2000* on the outstanding balance. In accounting for the loss allowance for trade and other receivables, the consolidated entity uses the simplified approach to recognise this equal to the expected lifetime credit losses. The consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Movement in the allowance for credit losses:	2021 $'000	2020 $'000
Balance at the beginning of the year	26	21
Impairment (gains)/losses recognised on receivables	(2)	5
Amounts written off during the year as uncollectable	–	–
Amounts recovered during the year	–	–
Balance at end of the year	**24**	**26**

Note 11. Current assets – inventories

	2021 $'000	2020 $'000
General inventory, chemicals and construction materials – at cost	5,166	1,091
Total inventories	**5,166**	**1,091**

Note 12. Other assets – other

	2021 $'000	2020 $'000
Prepayments	352	804
Total other assets	**352**	**804**

Note 13. Financial assets

	Notes	2021 $'000	2020 $'000
Financial assets at FVOCI		5,175	4,940
Total financial assets		**5,175**	**4,940**
Included in the above financial assets at FVOCI are the following:			
Financial assets held for asset reserve	24	–	–
Unrestricted financial assets at FVOCI		5,175	4,940
Total financial assets		**5,175**	**4,940**
Current		33	–
Non-current		5,142	4,940
Total financial assets		**5,175**	**4,940**

Note 14. Property, plant and equipment

Net book values:	2021 $'000	2020 $'000
Land	9,845	13,302
Earth channels and infrastructure	429,052	423,071
Buildings and cottages	9,244	9,479
Plant	2,764	2,527
Office and scientific equipment	1,189	1,190
Motor vehicles	1,781	1,680
In course of construction	6,211	11,047
Balance as at 30 June	**460,086**	**462,296**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Land ($'000)	Earth channels and infrastructure ($'000)	Buildings and cottages ($'000)	Plant ($'000)	Office and scientific equipment ($'000)	Motor vehicles ($'000)	In course of construction ($'000)	Total ($'000)
Carrying amount at 1 July 2020	**13,302**	**423,071**	**9,479**	**2,527**	**1,190**	**1,680**	**11,047**	**462,296**
Acquisitions	2	–	107	691	362	676	15,441	17,279
Disposals	(3,459)	(4,761)	–	(99)	–	(83)	–	(8,402)
Depreciation	–	(12,872)	(486)	(355)	(363)	(492)	–	(14,568)
Adjustments	–	3,481	–	–	–	–	–	3,481
Transfers in/(out)	–	20,133	144	–	–	–	(20,277)	–
Balance at 30 June 2021	**9,845**	**429,052**	**9,244**	**2,764**	**1,189**	**1,781**	**6,211**	**460,086**

The consolidated entity's policy for accounting for depreciation of assets is described in Note 1(i).

Note 15. Income taxes

Tax benefit comprises:

Current tax benefit	2021 $'000	2020 $'000
In respect of the current year	–	2,016
Total current tax benefit	–	**2,016**
Deferred tax (expense)/benefit relating to the recognition and reversal of temporary differences	(3,427)	1,377
Research and development tax offset	104	52
Total deferred tax benefit/(expense)	**(3,323)**	**1,429**
Total current tax benefit/(expense) relating to continuing operations	**(3,323)**	**3,445**

The benefit/(expense) for the year can be reconciled to the accounting profit as follows:

	2021 $'000	2020 $'000
Profit from continuing operations	(566)	8,726
Income tax expense calculated at 30%	170	(2,618)
Effect of net PIIOP revenue/expense that is exempt	(2,318)	2,184
Under/over – R&D and tax losses	213	–
Under/over – property, plant and equipment	(1,428)	(34)
Reversal of prior year under/over – property, plant and equipment	40	3,913
Income tax (expense)/benefit recognised in profit or loss	**(3,323)**	**3,445**

Deferred tax balances are presented in the statement of financial position as follows:

	2021 $'000	2020 $'000
Capital allowances and depreciation	54,924	51,194
Retirement obligation	(476)	(1,287)
Employee entitlements	(1,570)	(1,594)
Asset impairment	(542)	(1,571)
Tax losses and research and development tax offset	(5,290)	(3,438)
Other	84	9
Deferred tax liabilities	**47,130**	**43,313**

Note 16. Intangible assets

	2021 $'000	2020 $'000
Water – conveyance at cost (parent entity)	91,300	91,300
Water – High Security and General Security	53,183	51,501
Water – at cost (controlled entity)	442	442
Total water	**144,925**	**143,243**
Reconciliation – water		
Carrying amount 1 July	143,243	145,146
Water – conveyance sold during year	–	(4,469)
Water – High Security and General Security sold during year	(946)	(4,231)
Water – High Security and General Security acquired during year	2,628	6,797
Carrying amount	**144,925**	**143,243**

Intangible assets are carried at the lower of their cost or cost less impairment. The consolidated entity's policy for accounting for water and impairment of assets is described in Notes 1(f) and 1(j).

Note 17. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	3,987	2,019
Accruals	7,327	8,299
Total trade and other payables	**11,314**	**10,318**

Generally no interest is charged on trade payables for the first 30 days from date of the invoice. Thereafter, interest may be charged on outstanding balances. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note 18. Provisions

	2021 $'000	2020 $'000
Employee entitlements:		
Annual leave	1,072	1,184
Long service leave	3,048	3,425
Total provisions	**4,120**	**4,609**
Current	3,666	4,222
Non-current	454	387
Total provisions	**4,120**	**4,609**

Note 19. Deferred revenue

	Notes	2021 $'000	2020 $'000
Water Sales		–	378
Other	1 (d) (iii)	49	443
Total deferred revenue		**49**	**821**

Note 20. Other liabilities

	Notes	2021 $'000	2020 $'000
Retirement benefit obligation	21	248	1,610
Total other liabilities		**248**	**1,610**
Current		–	–
Non-current		248	1,610
Total other liabilities		**248**	**1,610**

Note 21. Retirement benefit plans

All employees are entitled to benefits on retirement, disability or death. The entity has two retirement plans, the defined benefits plan and the accumulation plan. The accumulation plan provides benefits on accumulations based on contribution and investment income.

The defined benefits superannuation plans are administered by the Local Government Superannuation Scheme (the Scheme) in accordance with legislation. The defined benefits plans provide benefits based on years of service and final average salary. Employees contribute to the plans at various percentages of their wages and salaries. In respect of contributions to the defined benefits plans, the Company has applied the rate of employer contribution advised by the actuary and by the Scheme administrators (Local Government Superannuation Scheme).

The Scheme was established on 30 June 1997 by a Trust Deed made under an Act of the NSW Parliament for the purpose of providing retirement benefits for public sector employees of certain Local Government bodies in NSW. The Scheme has received an exemption from annual actuarial valuation and therefore actuarial valuations are only required triennially.

The last actuarial valuation of the Scheme was performed as at 30 June 2018 by Mercer Consulting (Australia) Pty Ltd. The next actuarial investigation is due as at 30 June 2021 and will be released in the 2021/22 financial year. However actuarial assessments are made in the intervening period for financial reporting purposes, with Mercer Consulting (Australia) Pty Ltd conducting an assessment as at 30 June 2021. The Directors rely on the reviews and valuations performed by Mercer Consulting (Australia) Pty Ltd to determine the entity's obligation in respect of its defined benefit plans.

There are a number of risks to which the plan exposes the Employer. The more significant risks relating to the defined benefits are:

Interest rate risk	The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation. A decrease in market yield on high quality corporate bonds will increase the entity's defined benefit liability.
Investment risk	The risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall.
Longevity risk	The risk that pensioners live longer than assumed, increasing future pensions.
Indexation risk	The risk that pensions will increase at a rate greater than assumed, increasing future pensions.
Salary growth risk	The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions.
Legislative risk	The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

A reconciliation of the entity's defined benefit obligation and plan assets to the amount presented in the consolidated statement of financial position for each of the reporting periods is presented below:

	2021 $'000	2020 $'000
Present value of defined benefit obligations	31,525	33,417
Fair value of defined benefit plan assets	(31,277)	(31,807)
Net liability	**248**	**1,610**

The details of the entity's defined benefit obligation are as follows:

	2021 $'000	2020 $'000
Present value of defined benefit obligation at 1 July	33,417	34,975
Current service cost	164	271
Interest cost	926	958
Actuarial losses arising from changes in demographic assumptions	–	–
Actuarial losses arising from changes in financial assumptions	82	–
Actuarial (gains)/losses arising from liability experience	(1,191)	(58)
Benefits paid	(1,754)	(2,601)
Taxes, premiums and expenses paid	(119)	(128)
Defined benefit obligation 30 June	**31,525**	**33,417**

The reconciliation of the balance of the assets held for the defined benefit plans is presented below:

	2021 $'000	2020 $'000
Fair value of plans assets at 1 July	31,807	33,679
Interest income	882	924
Actual return on fund assets less interest income	290	(268)
Employer contributions	171	201
Benefits paid	(1,754)	(2,601)
Taxes, premiums and expenses paid	(119)	(128)
Fair value of plans assets 30 June	**31,277**	**31,807**

All Division B, C and D assets are held in Pool B of the Scheme. As such, assets are not separately invested for each employer and it is not possible or appropriate to disaggregate and attribute fund assets to individual entities, and the disclosures below relate to total assets of Pool B of the Scheme.

	Total ($'000)	Quoted prices in active markets for identical assets Level 1 ($'000)	Significant observable inputs Level 2 ($'000)	Unobservable inputs Level 3 ($'000)
Unlisted and listed Securities Employer	2,037,220	916,895	837,836	550,183**
Unlisted and listed Securities Member Investment Choice	1,797,770	*	*	–
Total	**3,834,990**			

**The split of the Member Investment Choice assets by level is not available*
***Includes the value of Challenger annuity policy held by Trustee valued on the AASB119 basis.*

As shown in the table above some Local Government Super assets are invested in accordance with member investment choices. For Local Government Super assets supporting the Employer Reserve, the percentage invested in each asset class at the reporting date is:

	2021	**2020**
Equities	56%	55%
Property	11%	12%
Fixed Income	18%	19%
Cash	9%	7%
Other	6%	7%
Total	**100%**	**100%**

The significant actuarial assumptions used for the valuation are as follows:

	2021	**2020**
Discount rate at 30 June	2.83%	2.85%
Salary growth rate	3.50%	3.50%
Expected rate of CPI increase	2.50%	2.50%

Note 22. Contributed equity

(a) Ordinary shares – fully paid

	2021 $'000	2020 $'000
Contributed equity	**273,734**	**273,734**

Shares are cancelled or forfeited as a result of customers' water entitlement transactions including sales of water entitlement out of Murrumbidgee Irrigation Limited's water access licences. There is no impact on contributed equity.

(b) Movement in number of shares

	2021 Shares No.	Terminated or cancelled shares No.	2020 Shares No.
A Class Shares	219,990	(6,255)	226,245
B Class Shares	532,769	(12,400)	545,169
C Class Shares	14,717	(427)	15,144
Total ordinary shares	**767,476**	**(19,082)**	**786,558**

(c) Voting rights

	2021	2020
Voting rights attached to A Class shares	1,375	1,382
Voting rights attached to B Class shares	921	934
Voting rights attached to C Class shares	–	–

The Constitution prescribes one vote per landholding.

A Class and B Class shareholders have voting rights at general meetings and for the election of Member Directors in their voting college. Where a shareholder holds both A Class and B Class shares, the holder votes in the college in which they hold the greater number of shares.

C Class shareholders generally have no voting rights other than in respect of matters affecting their class rights.

(d) Rights to assets

Shares carry no rights to, or have residual interest in, any assets remaining on the winding up of the Company.

Note 23. Retained earnings

	Notes	2021 $'000	2020 $'000
Retained earnings at the beginning of the financial year		255,674	262,766
Adjustment on adoption of AASB 15		–	(19,116)
Total comprehensive income for the year		(2,909)	12,024
Retained earnings at the end of the financial year		**252,765**	**255,674**

Note 24. Reserves

	Notes	2021 $'000	2020 $'000
Asset reserve at the beginning of the year		51,236	51,236
Asset reserve at the end of the year		**51,236**	**51,236**
Financial asset at FVOCI revaluation reserve at the beginning of the year		(71)	(8)
Financial asset at FVOCI revaluation losses		173	(63)
Financial asset at FVOCI reserve at the end of the year		**102**	**(71)**
Total reserves at the end of the year		**51,338**	**51,165**
Asset reserve is funded by the following investments:			
Water investments	16	51,338	51,165
Financial assets	13	–	–
Total funding		**51,338**	**51,165**

The purpose of the asset reserve is to set aside funds for future investment in infrastructure. The revenue that MI derives from financial and water investments funds the ongoing asset renewal program of the business.

Water investments are held at the lower of cost and net realisable value. As at 30 June 2021, the market value of the water investments was approximately $147,000,000.

Note 25. Financial instruments

The consolidated entity's activities expose it primarily to the financial risks of liquidity, credit risk and interest rate risk.

The directors and senior management are responsible for monitoring and managing the financial risks of the consolidated entity. They monitor these risks through board meetings where management reports are presented and analysed.

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximising the returns to the consolidated entity through the optimisation of investment opportunities.

The consolidated entity's overall strategy remains unchanged from 2020. The consolidated entity's financial instruments consist mainly of deposits with banks, fixed and floating rate notes, accounts receivable and accounts payable. The Company is exposed to the following risks through holding financial instruments:

(a) **Credit risk exposures:** Credit risk is the risk of financial loss to the consolidated entity if a party to a financial instrument fails to meet its contractual obligations. In respect of its cash and term deposits, the consolidated entity manages its risk by the application of the consolidated entity's investment policy which requires capital guaranteed investment with Standard and Poor's BBB rated investment houses. In respect of trade debtors, the credit risk is largely mitigated by the security described at Note 1 (f). The consolidated entity establishes allowances for impairment when it is expected that any receivables are not considered collectible.

The maximum exposure to credit risk as at balance date is the carrying amount as disclosed in the statement of financial position.

(b) **Liquidity risk management:** Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due.

The consolidated entity has both short and long term facilities which enable sufficient cash to be available to settle obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which is continuously reviewing practices with the purpose of establishing an appropriate liquidity risk management framework for the consolidated entity's short, medium and long term funding and liquidity management requirements.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the consolidated entity aims at maintaining flexibility in funding by keeping committed credit lines available. The credit risk on liquid funds is limited because the investment houses are banks with high credit ratings assigned by international credit rating agencies.

(c) **Net fair value of financial assets and liabilities:** The directors consider that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the financial statements approximates their fair values.

Note 26. Key management personnel compensation

(a) The directors and other members of key management personnel of the consolidated entity during the year were:

(i) Directors

Non-executive Chair:	J I Dalton
Non-executive Directors:	P C Borrows, M K Carter, H P Cudmore, J I Dalton, K L Dalton (to 28/02/2021) , A J Sergi, T C Valenzisi, SJR Whan (from 01/03/2021)
Managing Director:	B A Jones

(ii) Leadership team

B A Jones	Chief Executive Officer
H E Bourne	Company Secretary/General Manager Finance and ICT
S J Hansen	General Manager Customer Services
K J Hutchinson	General Manager People and Policy
D Puntoriero	General Manager Finance (from 01/06/2021)
A R Pasquetti	General Manager Information Systems (from 01/06/2021)
D P Radue	Company Secretary/General Manager Corporate Services
J J Rudd	General Manager Asset Delivery
A P Shea	General Manager Operations

(b) Key management personnel compensation:

(i) Directors (excluding Managing Director)	2021 $	2020 $
Short-term benefits	401,021	398,670
Post-employment benefits	38,097	37,874
Total compensation	**439,118**	**436,544**

(ii) Leadership (including Managing Director)	2021 $	2020 $
Short-term benefits (including payment of leave entitlements on termination)	2,122,980	2,077,648
Post-employment benefits	150,728	143,308
Total compensation	**2,273,708**	**2,220,956**

(c) Equity instrument disclosures for key management personnel:

The aggregate numbers of shares in the Company at balance date that key management personnel have an interest in were:

Ordinary shares	2021	Movement	2020
A Class	1,523	–	1,523
B Class	5,115	–	5,115
C Class	2	–	2
Total ordinary shares	**6,640**	**–**	**6,640**

(d) Other transactions with key management personnel

As active irrigator shareholders of the Company a number of key management personnel entered into normal commercial transactions for the supply of water and drainage services in accordance with the Water Entitlements and Water Delivery Contracts.

Value of transactions	2021 $	2020 $
Water supply and drainage services	178,656	242,399
Receivable balance at reporting date	2,798	19,217

(e) Loans to key management personnel

There are no loans to key management personnel.

Note 27. Commitments

Capital commitments	2021 $'000	2020 $'000
Commitments for the acquisition of plant and equipment contracted for at the reporting date, but not recognised as liabilities.	4,239	5,514

Note 28. Events occurring after balance date

At the date of this report, no matter or event has occurred since the balance date that is likely to materially impact the state of affairs of the consolidated entity in the short term.

Note 29. Contingent liabilities

The consolidated entity is not aware of any contingent liabilities at the reporting date.

Note 30. Borrowings

Assets pledged as security

The bank loans are secured by first mortgages over the consolidated entity's High Security Water Entitlements WAL11299.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Total facilities:	2021 $'000	2020 $'000
Working capital loan facility	5,000	–
Bank loan	15,000	–
Total facilities	**20,000**	**–**
Used at reporting date:		
Working capital loan facility	–	–
Bank loan	–	–
Total used at reporting date	**–**	**–**
Unused at reporting date:		
Working capital loan facility	5,000	–
Bank loan	15,000	–
Total unused at reporting date	**20,000**	**–**

Directors' declaration

The directors declare that the financial statements and notes set out on pages 32 to 60:

(a) comply with Accounting Standards – Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the directors' opinion:

(c) the financial statements and notes are in accordance with the *Corporations Act 2001*; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

James (Nayce) Dalton
Chair

Hanwood, NSW
26 August 2021

Independent auditor's report

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Independent Auditor's Report

To the Members of Murrumbidgee Irrigation Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Murrumbidgee Irrigation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

A C Pitts
Partner – Audit & Assurance

Melbourne, 26 August 2021

#5918498v1

Company directory

as at 26 August 2021

Murrumbidgee Irrigation Limited

ABN	39 084 943 037
Directors	Nayce Dalton Hayden Cudmore Peter Borrows Michael Carter Tony Sergi Tracey Valenzisi Steve Whan Brett Jones
Company Secretary	Dorian Radue Michael Turnell Dominic Puntoriero
Registered office and Share Register	86 Research Station Road Hanwood NSW 2680 Tel: 02 6962 0200
Leeton office	Dunn Avenue Leeton NSW 2705 Tel: 02 6953 0100
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Email	info@mirrigation.com.au
Auditor	Grant Thornton Melbourne VIC 3000
Bankers	Commonwealth Bank of Australia Leeton NSW 2705
Insurance brokers	Arthur J. Gallagher North Sydney NSW 2060

MI wishes to acknowledge the following photography competition entrants whose images have been used in this report. A special thanks also to Marie Raccanello Photography, the Panazzolo family, the Morris family, and Amelia Buchholz of AraePhotography for images throughout the report.

Page 2	Leah Smith
Page 4&5	Patti Lloyd
Page 8	Diane Swaffield
Page 11	Bryan Salvestro
Page 20	Gabby Panazzolo
Page 23	Gabby Panazzolo

Murrumbidgee
Irrigation